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# DM Does Double Duty for Tobacco Cos.

## *Campaigns reach out to consumers, circumventing restrictions*

**By Ken Liebeskind**

NEW YORK — Direct marketing has helped the tobacco industry survive and even thrive in an increasingly hostile business environment. Because of the relative lack of regulation, companies like Philip Morris Inc. and R.J. Reynolds/Nabisco have been able to run loyalty campaigns appealing to customers' hobbies and interests.

At a glance, 1994 appears to have been a bad year for the tobacco industry. But while Florida's sickest smokers filed class action suits against the industry and a lawsuit in California challenged Joe Camel ads, tobacco companies were conducting their direct marketing campaigns virtually unchallenged.

At year's end, Philip Morris concluded its Marlboro Country Store promotion which, in conjunction with its Marlboro Adventure Team campaign, represents "the largest consumer promotion ever launched by a packaged goods company," said Karen Daragan, a spokesperson for the firm.

The program — which combined a contest offering a trip to "Marlboro Country" in the West along with various merchandise — yielded more than 10-million responses from smokers around the country.

As Philip Morris' database gathered new names, its market share rose to 28.5 percent in the third quarter last year, up from 25.7 percent in the third quarter of 1993, according to Jack Maxwell, a tobacco industry analyst for Wheat First Securities in Richmond, VA.

The Marlboro campaign, which began with print and in-store promotions and was expanded to include exhibits at state fairs, was rivaled by R.J. Reynolds' direct marketing efforts. Reynolds scored big with *Camel Cash*, now in its sixth mailing cycle. The company also established two programs for the Winston brand, including Winston Winners Club, a combination sweepstakes and merchandise program tied to major sporting events, and the Winston Cup, an automobile race. Reynolds' other leading brands have their own programs, including Salem Most Preferred, Vantage Inner Circle and Doral & Co.

Reynolds, which amasses customer information by enclosing customer surveys inside packs and cartons of cigarettes as well in direct mail packages, asks customers for their first and second brand choices and promotes to them accordingly. Smokers of heavy, fuller-flavor brands are likely to receive different packages than smokers of different brands, and may also receive different premiums, according to the company.

**One direct marketing contest sent winners to 'Marlboro Country'**

While the direct marketing programs of America's leading tobacco giants dominate the U.S. market, British American Tobacco has launched similar campaigns overseas. Kobs & Draft/Chicago has helped prepare continuity club programs for BAT's 555 and Lucky Strike brands in China, Taiwan, Korea and Spain, said agency spokeswoman Lisa Wilcox.

These direct marketing programs serve double duty for tobacco companies, enabling them to circumvent often stiff media restrictions while reaching out to consumers personally. Bonnie Carlson, president and chief executive officer at Comart, a Connecticut promotion agency, pointed to the "ubiquitous" nature of the Marlboro promotion and quipped about seeing New York City sanitation workers sifting through trash for proof-of-purchase seals redeemable for Marlboro merchandise.

Carlson lauded the firm for its unusual marketing approach. "Since they're not in traditional media, they're more creative," she explained. "They can't use TV and radio, so they'll use print, direct mail and a combination of media representing as many different vantage points as possible. They're very inventive."

Bill Brown, president of Mezzina Brown, the New York agency that has handled the Camel account since 1991, agreed that the tobacco industry "has mastered the art of reaching consumers in unorthodox ways." Mezzina Brown's campaign for Camel extends across virtually every permissible media — from national print and direct mail to local events promotions, such as the Sturgis Bike Rally, a motorcycle race. "There's no limit to what you can use as a medium if you have the ingenuity and desire to reach consumers," he said.

Brown also noted that direct marketing has allowed tobacco companies to build a "one-to-one relationship" with consumers and "more closely track the sales conversion process on an individual basis while keeping media dollars accountable."

The industry's use of direct marketing was virtually unrestricted until last May, when Philip Morris was found to have violated the Adolescent Tobacco Use Prevention Act, a New York State law passed in 1992 to prevent the mailing of free cigarettes. The company, which had sent free packs of Marlboro to 44,000 respondents, agreed to pay a $250,000 fine. But the New York law and others like it in Minnesota, Utah and Michigan have not impeded tobacco promotions, since the companies can mail free cigarette coupons instead of actual samples. R.J. Reynolds mails a variety of premium coupons, according to Deidre Whitt, a company spokesperson, including those for free cartons, trial packs, dollars off, cents off and buy-some-get-some-free.

As attacks on the industry proliferated after the New York decision, the companies responded with their standard argument, that all participants in their programs are certified smokers, 21 or older. When this argument was first employed in the early 1990s it was praised as "politically correct" by industry analysts. But today, some groups believe the industry regularly violates its policy as it reaches out to new consumers. "When the Marlboro Adventure Team van pulls up, they hardly care who fills out the forms," said Joe Marx, an official with the Coalition on Smoking and Health, a Washington, D.C. advocacy group that is petitioning the Food and Drug Administration for greater regulation of the tobacco industry.

Marx also asserts that direct marketing programs lure young smokers by offering ancillary products that only young people crave, such as the leather jackets and beer mugs associated with the Camel Cash program. "These aren't items for the middle-age smoker," he said. "The industry knows this as well as the health commissions." Marx might have also mentioned the Salem Soundwaves campaign, which targeted young smokers by offering free audiocassettes and a subscription to a music magazine.

But the companies continue to fend off such criticism as they seek to maintain and extend their customer base. And direct marketing continues to be their medium of choice. Carlson believes the industry will rely on it even more in 1995, as new restrictions are placed on other forms of advertising. "They'll find even more ways of using direct marketing in terms of creative or the list," she noted, "so the way they reach you makes more of an impact."

In 1995, Philip Morris will introduce a new Marlboro Country Store promotion. Company officials denied it but a call to the company's 800 number indicated a new promotion would start "soon." ■

# *UHF Magazine Polybagged to Sister Magazine in Sub-Building Launch*

**By Beth Negus**

SANTA MONICA, CA — Sonic Options Network is polybagging copies of its new alternative fashion magazine UHF with 5,500 subscriber copies of the January-February issue of Option.

The third issue of UHF, dated spring 1995, will be the first with a newsstand circulation, expected to be about 10,000, said Scott Becker, publisher.

UHF first appeared as a 36-page supplement to Option — an alternative music magazine geared to Generation X-ers — in May 1994, with a second 52-page insert appearing in September. "It was a quick and dirty way to get 30,000 copies out there," joked Becker.

Blow-in cards and print ads within UHF and Option are being used to entice potential subscribers, with an offer of six issues for $12, said Becker. Direct response ads for UHF T-shirts are also included in the spring issue.

Becker said the company chose sample copies instead of traditional direct mail as the initial promotional vehicle because quality mailing lists for the alternative music-fashion niches are hard to find.

"I do want to do direct mail," he said. "But other alternative music magazines don't necessarily want to rent their lists. Some of the record companies that advertise with us have lists but they're usually not well-maintained."

In addition to the polybagged copies going to subscribers of Option — a bimonthly magazine devoted to non-mainstream music — about 7,000 copies will be distributed at various apparel trade shows, while another 20,000 will be given away through clothing retailers such as Urban Outfitters. Complimentary copies will also be sent to about 1,000 fashion industry professionals, such as small apparel manufacturers.

Option's readers are mostly males in their 20s and 30s, said Becker, who expects UHF to appeal to a more female and younger (age 18-29) demographic. "How many male readers we get will be interesting to see," he said, noting that young, non-mainstream fashion is becoming more "bi-gender."

Option debuted in 1985 and currently averages 148 pages per issue. Circulation is currently 27,000, with 5,500 subscribers and 1,500 music industry comp copies.

The current issue of UHF is 68 pages long. ("I learned a hard lesson," Becker noted. "Blow-in cards stay in thicker magazines better than 68-page ones.")

UHF is quarterly, but Becker expects it to appear bi-monthly in 1995. ■

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